

TTAB

U.S. EXPRESS MAIL NO. ER 980877655 US

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Web Tracking, L.L.C.,

Petitioner,

vs.

Huntana, L.L.C., and Webstat.com, L.L.C.,

Respondents.

Cancellation No. 92043502

Mark: WEBSTAT

Registration No.: 2,058,787

Filed: October 19, 1995

Registered: May 6, 1997

MOTION TO SUSPEND PENDING INTER PARTES PROCEEDING

Respondent Webstat.com, L.L.C. ("Webstat"), moves to suspend the above-captioned proceeding pending disposition of Civil Case No. 2:03-CV-977 PGC previously filed by Webstat against Petitioner in the United States District Court for the District of Utah, Central Division.

The following points support the requested suspension:

1. On November 6, 2003, WebStat filed a Complaint against Petitioner in the United States District Court for the District of Utah, Central Division, which was assigned Civil No. 2:03-CV-977 PGC. A copy of the Complaint is attached as Exhibit A.¹

¹The Complaint in the civil action was filed against Web Tracking Services, L.L.C, a South Carolina limited liability company. (Compl. ¶ 2.) The Petition for Cancellation was filed by Web Tracking, L.L.C., identified by Petitioner as a South Carolina limited liability company. (Petition for Cancellation at 1.) It appears that Petitioner made a typographical error in identifying itself in this proceeding, and that Web Tracking Services, L.L.C., is Petitioner's correct name. In fact, in its averments in the Petition for Cancellation, Petitioner expressly states that it is the defendant in the federal civil lawsuit. (*Id.* ¶ 25.)



08-13-2004

U.S. Patent & TMO/TM Mail Rpt Dt. #22

2. In the Complaint, Webstat alleges that it is the owner and senior user (through its predecessor in interest) of the mark WEBSTAT and the federal registration thereof, which registration is the subject of the instant Petition for Cancellation. (Compl. ¶¶ 6-7, 11; *see also* Petition for Cancellation at 1-2.) Webstat alleges that Petitioner's use of the mark WEB-STAT, in the domain name web-stat.com, on the website found at that domain name, and in the metatags and HTML code for the website, is likely to cause confusion, mistake, or deception of the purchasing public as to the source or origin of Petitioner's goods and services. (Compl. ¶¶ 11-19.)

3. The Complaint sets forth two causes of action against Petitioner that relate to the WEBSTAT mark: (1) infringement of a federally registered trademark in violation of Section 32(l) of the Lanham Act; and (2) unfair competition in violation of Section 43(a) of the Lanham Act. (*Id.* ¶¶ 21-32.)

4. On April 16, 2004, Petitioner responded to the Complaint by filing a Motion to Dismiss for Lack of Subject Matter Jurisdiction, Personal Jurisdiction and Venue and, in the Event of Jurisdiction and Venue, Motion to Dismiss Under Rule 12(b)(6). A copy of the Motion is attached as Exhibit B.

5. As part of its motion to dismiss for failure to state a claim under Rule 12(b)(6), Petitioner argued that Webstat's federal registration of the mark WEBSTAT was obtained by fraud at its inception, or became fraudulent through bad faith preservation of the registration and assignment of the registration to Webstat; that prosecution history estoppel limits the scope of Webstat's rights in connection with the registration of the WEBSTAT mark; and that the WEBSTAT mark is generic. (Motion to Dismiss at 2-3.) In the memorandum in support of its

motion to dismiss, Petitioner further argued that Petitioner and its predecessor had senior rights in the mark WEB-STAT, that any rights in the WEBSTAT mark or registration thereof had been abandoned by Webstat's predecessor in light of its administrative dissolution, and that Webstat's predecessor was prohibited from transferring its rights in the mark in light of its administrative dissolution. (Memorandum in Support of Motion to Dismiss, relevant portions of which are attached as Exhibit C.)

6. On July 6, 2004, Petitioner filed the instant Petition for Cancellation. Petitioner supported its Petition with the same arguments that support its motion to dismiss. Specifically, Petitioner averred that: the mark WEBSTAT was obtained by fraud at its inception, or became fraudulent through bad faith preservation of the registration and assignment of the registration to Webstat, (Petition for Cancellation ¶ 23), prosecution history estoppel limits the scope of Webstat's rights in connection with the registration of the WEBSTAT mark, (*id.* ¶ 14), the WEBSTAT mark is generic, (*id.* ¶ 24), Petitioner and its predecessor had senior rights in the mark WEB-STAT, (*id.* ¶ 26-27), any rights in the WEBSTAT mark or registration thereof had been abandoned by Webstat's predecessor in light of its administrative dissolution, (*id.* ¶¶ 16-22), that Webstat's predecessor was prohibited from transferring its rights in the mark in light of its administrative dissolution, (*id.*).

7. Moreover, Petitioner specifically noted that its rights asserted in its Petition for Cancellation are at issue in the federal civil action. (*Id.* ¶ 25 (averring Petitioner's claimed right to use the WEB-STAT mark, and noting "[y]et [Webstat] has sued Petitioner in Utah Federal District Court to enjoin further use of 'WEB-STAT' and 'web-stat.com' based on the allegation that such use constitutes an infringement of Registration No. 2,058,787.").)

8. On July 16, 2004, the Court in the federal civil action denied Petitioner's motion to dismiss concerning subject matter jurisdiction, personal jurisdiction, and venue. The Court converted Petitioner's motion to dismiss for failure to state a claim under Rule 12(b)(6) into a motion for summary judgment. The Court further allowed limited discovery and ordered the parties to submit their discovery findings no later than September 15, 2004. A copy of the Court's order is attached as Exhibit D.

9. Pursuant to federal regulations, "[w]henver it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have bearing on the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding." 37 C.F.R. § 2.117. As noted in the Trademark Trial and Appeal Board Manual of Procedure, "[o]rdinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding will have a bearing on the issues before the Board." TBMP § 510.02(a) (citing *Other Tel. Co. v. Conn. Nat'l Tel. Co.*, 181 U.S.P.Q. 125 (T.T.A.B. 1974); *Tokaido v. Honda Assocs. Inc.*, 179 U.S.P.Q. 861 (T.T.A.B. 1973)).

10. Disposition of the civil action will determine whether Webstat has the rights it claims in the WEBSTAT mark and the federal registration of that mark that is at issue in this cancellation proceeding. The issues and arguments raised by Petitioner in its Petition for Cancellation will necessarily be determined in the federal civil action. They may be determined shortly as the Court decides the motion to dismiss for failure to state a claim that has now been converted to a motion for summary judgment. If the converted motion is denied, they will be asserted by Petitioner as defenses to Webstat's claims and determined at trial.

11. Accordingly, Webstat respectfully submits that all further proceedings in the above-captioned cancellation proceeding be suspended pending disposition of Civil Case No. 2:03-CV-977 PGC in the United States District Court for the District of Utah, Central Division.

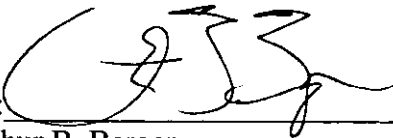
Please recognize Arthur B. Berger and David E. Finkelson of the firm of Ray, Quinney & Nebeker, 36 South State Street, Suite 1400, P.O. Box 45385, Salt Lake City, Utah 84145-0385, telephone number (801) 532-1500, as attorneys for Webstat in the above-captioned proceeding. Please address all correspondence to them.

Please note that a Certificate of Express Mail is attached to this document. In accordance with the Rules of Practice in Trademark Cases at 37 C.F.R. section 1.10, this document should be assigned a filing date of August 13, 2004.

DATED this 13th day of August, 2004.

Respectfully submitted,

WEBSTAT.COM, L.L.C.

By: 


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CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of August, 2004, a true and correct copy of the foregoing MOTION TO SUSPEND PENDING INTER PARTES PROCEEDING was mailed, by first-class mail, postage prepaid, to:

Lynn G. Foster
Lynn G. Foster L.C.
602 East 300 South
Salt Lake City, Utah 84102



CERTIFICATE OF EXPRESS MAIL

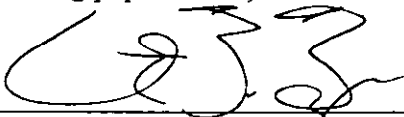
Express Mail mailing label number: ER 980877655 US

Date of Deposit: August 13, 2003

I hereby certify that this paper or fee is being deposited with the United States Postal Service as "Express Mail Post Office to Addressee" service under 37 C.F.R. §1.10 on the date indicated above, and is addressed to Box TTAB, Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3514.

Arthur B. Berger

(Typed or printed name of person
mailing paper or fee)



(Signature of person mailing
paper or fee)

FILED IN UNITED STATES DISTRICT
COURT, DISTRICT OF UTAH

NOV - 6 2003

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IN THE UNITED DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

WEBSTAT.COM, L.L.C., a Utah limited
liability corporation,

Plaintiff,

v.

WEB TRACKING SERVICES, L.L.C., a
South Carolina limited liability corporation,

Defendant.

COMPLAINT

Judge Paul G. Cassell
DECK TYPE: Civil
DATE STAMP: 11/06/2003 @ 15:25:47
CASE NUMBER: 2:03CV00977 PGC

Plaintiff Webstat.com LLC, complains of Defendant Web Tracking Services, LLC,
("Web Tracking" or "Defendant"), and alleges as follows:

PARTIES, JURISDICTION, AND VENUE

1. Webstat.com, LLC, is a Utah limited liability corporation with its principal place
of business at 241 North Main Street, Springville, Utah 84663.

2. Upon information and belief, Web Tracking Services, LLC, is a South Carolina
limited liability corporation with its principal place of business at 1670 Springdale Plaza, Unit 9,

Suite 270, Camden, South Carolina, 29020. Web Tracking is also doing business on the Internet at <http://www.web-stat.com> (the "Website").

3. This Court has subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331 and 1338.

4. On information and belief, this Court has personal jurisdiction over Defendant by virtue of its transacting and doing business in this state, conducting infringing activity in this state, and causing other tortious injury in this state pursuant to Utah Code Ann. § 78-27-24.

5. On information and belief, venue is proper in this district and division pursuant to 28 U.S.C. § 1391(b), (c).

GENERAL ALLEGATIONS

6. Webstat.com, on its own or through predecessors in interest, has used the mark WEBSTAT in connection with website traffic monitoring software and services since at least May 16, 1995.

7. Webstat.com is also the sole and exclusive owner of a federal trademark registration for the trademark WEBSTAT in connection with "computer software for analyzing and monitoring electronic traffic at specific sites on computer systems," which registration issued on May 6, 1997, as registration number 2,058,787, with an effective date of October 19, 1995. This registration is in full force and effect, and was issued prior to Defendant's acts complained of herein.

8. Pursuant to 15 U.S.C. § 1065, the federal registration of the mark WEBSTAT is incontestable.

9. Accordingly, the registration is conclusive evidence of the validity of the registered mark WEBSTAT and of Webstat.com's exclusive right to use the registered mark in commerce in connection with website traffic monitoring software. 15 U.S.C. § 1115(b).

10. Webstat.com has been extensively engaged in the business of using the mark WEBSTAT throughout the United States, which mark is inherently distinctive and/or has acquired distinctiveness prior to the acts of Defendant complained of herein, and has become, through widespread and favorable public acceptance and recognition, an asset of substantial value to Webstat.com and a symbol of Webstat.com and its goodwill.

11. Notwithstanding Webstat.com's prior rights in the mark WEBSTAT, Defendant has made and is making unauthorized use of the mark WEBSTAT on and in connection with the Website.

12. Defendant's unauthorized use of the mark WEBSTAT includes, without limitation, use of the virtually identical mark WEB-STAT in the domain name web-stat.com and throughout the Website. Defendant has also used the marks WEBSTAT, WEB-STAT, and WEB STAT in its metatags and HTML code for the Website.

13. Defendant uses the marks WEBSTAT, WEB-STAT, and WEB STAT in connection with its own website traffic monitoring software and services, in direct competition with Webstat.com.

14. Defendant uses the marks WEBSTAT, WEB-STAT, and WEB STAT in the same media as that used by Webstat.com, which includes, without limitation, the Internet.

15. Defendant's mark WEB-STAT is virtually identical in sound and emphasis to Webstat.com's mark WEBSTAT.

16. Defendant's mark WEB-STAT has the same meaning and commercial impression as Webstat.com's mark WEBSTAT.

17. Defendant's unauthorized use is likely to confuse the consuming public into believing that Defendant and/or its goods and services are affiliated with, or sponsored or approved by, Webstat.com.

18. Defendant's use of the marks WEBSTAT, WEB-STAT, and WEB STAT has resulted in actual consumer confusion.

19. Defendant's unauthorized use is also likely to cause initial interest confusion on the part of Internet consumers.

20. As a result, Webstat.com is being deprived of the benefit of its valuable mark WEBSTAT.

CLAIMS FOR RELIEF

First Claim for Relief

(Infringement of Federally Registered Trademark)

21. Webstat.com realleges and incorporates by this reference the preceding paragraphs of the Complaint as if fully set forth herein.

22. Webstat.com is the owner of the incontestable, federally registered trademark WEBSTAT, which is inherently distinctive and/or has acquired distinctiveness, and which is used in interstate commerce.

23. Without Webstat.com's authorization or permission, Defendant has willfully and intentionally offered, promoted, and provided goods and services making unauthorized use of the mark WEBSTAT in a manner likely to cause confusion, mistake, or deception of the purchasing public as to the source or origin of such goods and services, and likely to cause the purchasing public to believe wrongly that such goods and services are sponsored by, affiliated with, or otherwise associated with Webstat.com.

24. Defendant's unauthorized use of Webstat.com's federally registered mark WEBSTAT constitutes trademark infringement in violation of 15 U.S.C. § 1114(1).

25. Webstat.com is therefore entitled to permanent injunctive relief barring Defendant from engaging in further acts violative of 15 U.S.C. § 1114(1).

26. Defendant's acts of trademark infringement have also caused Webstat.com actual damages in an amount to be proven at trial.

Second Claim for Relief
(Federal Unfair Competition)

27. Webstat.com realleges and incorporates by this reference the preceding paragraphs of the Complaint as if fully set forth herein.

28. Webstat.com is the owner and senior user of the trademark WEBSTAT, which mark is inherently distinctive and/or has acquired distinctiveness, and was used in interstate commerce before the acts of Defendant complained of herein.

29. Defendant's unauthorized use of Webstat.com's mark WEBSTAT thus is likely to deceive or confuse consumers into believing that Defendant has an affiliation or connection with Webstat.com, or that it is sponsored or approved by Webstat.com.

30. Through its actions complained of herein, Defendant has made and is making false, deceptive, and misleading statements constituting false designation of origin made in and in connection with interstate commerce. Defendant's actions thus violate 15 U.S.C. § 1125(a).

31. Webstat.com is therefore entitled to permanent injunctive relief barring Defendant from engaging in further acts violative of 15 U.S.C. § 1125(a).

32. Defendant's actions have also caused Webstat.com actual damages in an amount to be proven at trial.

PRAYER FOR RELIEF

WHEREFORE, Webstat.com respectfully prays for the following relief against Defendant:

1. That Defendant, its officers, directors, members, agents, servants, employees, representatives, attorneys, related companies, successors, assigns, and all others in active concert or participation with Defendant, be permanently enjoined from:

a. Directly or indirectly using in commerce the mark WEBSTAT, in any manner, including any words, designations, trademarks, service marks, or terminology that are similar thereto, such as WEB-STAT and WEB STAT, in any style or media whatsoever, including, but not limited to, on web pages, in Internet domain names, in HTML code or metatags, or as a sponsored link;

b. Unfairly competing with Webstat.com in any manner whatsoever; and

c. Causing a likelihood of confusion in the marketplace with respect to the source, origin, sponsorship, affiliation, or approval of Defendant or its services.

2. For an order that Defendant be directed to file with this Court and serve on Webstat.com within thirty days after the service of any injunction order, a report in writing, under oath, setting forth in detail the manner and form in which that Defendant has complied with the injunction.

3. That Webstat.com be awarded judgment for its damages, in an amount to be determined at trial.

4. That Webstat.com be awarded pre- and postjudgment interest.

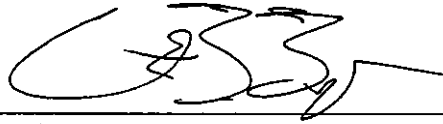
5. That Webstat.com be awarded its costs of suit, including its reasonable attorneys' fees.

6. That Webstat.com be awarded such other and further relief as the Court deems

just and proper.

DATED this 6th day of November, 2003.

RAY, QUINNEY & NEBEKER

A handwritten signature in black ink, appearing to read 'AB Berger', written over a horizontal line.

Arthur B. Berger
David E. Finkelson

Attorneys for Plaintiff Webstat.com LLC

Plaintiff's address:

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731903

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RAY QUINNEY

APR 19 2004

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**UNITED STATES DISTRICT COURT, CENTRAL DIVISION
DISTRICT OF UTAH, STATE OF UTAH**

WEBSTAT.COM, L.L.C., a Utah limited
liability corporation,

Plaintiff,

vs.

WEB TRACKING SERVICES, L.L.C., a
South Carolina limited liability corporation,

Defendant.

**MOTION TO DISMISS FOR LACK OF
SUBJECT MATTER JURISDICTION,
PERSONAL JURISDICTION AND
VENUE AND, IN THE EVENT OF
JURISDICTION AND VENUE, MOTION
TO DISMISS UNDER RULE 12(b)(6)**

Case No. 2:03 CV00977

Judge Paul G. Cassell

The Defendant, Web Tracking, L.L.C., appear specially, hereby moves the above-identified Court through the undersigned legal counsel to dismiss the complaint for the reasons set forth below:

1. The complaint should be dismissed, with prejudice, because this Court lacks subject matter jurisdiction given the fact that domain name registration of "web-stat.com" and webstat.com resolution the present alternative dispute pursuant to the mandatory dispute resolution policy of Network Solutions and/or ICANN. Non-party Green Acres Services is an indispensable party, the owner of "web-stat.com" and the real party in interest. See Galy Decl. Exhibit "G."

2. The complaint should be dismissed because there is no personal jurisdiction in Utah over the defendant.

3. The complaint should be dismissed because there is no venue in Utah over the defendant.

4. In the event the Court finds subject matter jurisdiction, personal jurisdiction and venue, the complaint should be dismissed, with prejudice, under Rule 12(b)(6), Fed. Rules of Civ. Proc. because:

a. No relief is available from the above-identified Court for the cause of action asserted in the complaint because the jurisdiction is vested in an alternative dispute forum pursuant to registration of the domain names.

b. The plaintiff is before this Court seeking equity and has unclean hands in that the plaintiff knew or should have known that the registration of WEBSTAT (Reg. No. 2,058,787 - Exhibit "E") by Huntana, LLC, a Montana limited liability company, was either

fraudulent in its inception or became fraudulent in Huntana's and/or plaintiff's bad faith preservation of the registration and its assignment thereof to the plaintiff, among other things.

c. Prosecution history estoppel preclude the plaintiff from now contending that the scope of the WEBSTAT Trademark Reg. No. 2,058,787, limited to software in international class 9, even if valid, applies to the distinct and independent field of internet statistical information services, found in international class 35.

d. The notation WEBSTAT, as used in the internet statistical information field, always was or has become descriptive, highly descriptive, and/or generic and cannot per se, be proprietary because it can not and does not identify a single source for web statistics, WEBSTAT being a commonly used contraction of "web statistics."

e. The applicable statute of limitations has expired and the plaintiff has acquiesced without objection to use of "web-stat.com" by Green Acres Services and Web Tracking Services, L.L.C. for about six years.

The motion is based upon the complaint, the declaration of Olivier Galy and the memorandum in support of the motion filed concurrently herewith.

DATED this 19th day of April, 2004.

LYNN G. FOSTER, L.C.



Lynn G. Foster
Attorney for Defendant

RAY QUINNEY

APR 19 2004

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**UNITED STATES DISTRICT COURT, CENTRAL DIVISION
DISTRICT OF UTAH, STATE OF UTAH**

WEBSTAT.COM, L.L.C., a Utah limited
liability corporation,

Plaintiff,

vs.

WEB TRACKING SERVICES, L.L.C., a
South Carolina limited liability corporation,

Defendant.

**MEMORANDUM IN SUPPORT OF
MOTION TO DISMISS FOR LACK OF
SUBJECT MATTER JURISDICTION,
PERSONAL JURISDICTION AND
VENUE AND, IN THE EVENT OF
JURISDICTION AND VENUE, MOTION
TO DISMISS UNDER RULE 12(b)(6)**

Case No. 2:03 CV00977

Judge Paul G. Cassell

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28 U.S.C. § 1391, venue is not proper in this Court. Nor is venue proper under Subsection (c) because Web Tracking is not subject to personal jurisdiction in Utah. Web Tracking and all of its agents reside and are found in South Carolina, not Utah. *See* Statement of Facts ¶ 25. Further, Web Tracking's activities are confined almost completely to South Carolina. *See id.* Accordingly, while venue would be proper in South Carolina under 28 U.S.C. §1391, it is not proper in Utah. Plaintiff's Complaint should be dismissed for improper venue.

E. Even If Jurisdiction and Venue Are Proper, Plaintiff's Complaint Should Be Dismissed with Prejudice for Failure to State a Claim Upon Which Relief May Be Granted.

1. Relief Is Not Available Because the Plaintiff Has Engaged in Inequitable Conduct.

Plaintiff's Complaint should be dismissed with prejudice because Plaintiff is before this Court seeking equity, yet has unclean hands. The doctrine of unclean hands "closes the doors of a court of equity to one tainted with inequiteness or bad faith relative to the matter in which he seeks relief." *See Precision Instr. Mfg. Co. v. Automotive Maint. Mach. Co.*, 324 U.S. 806 (1945). Here, Plaintiff comes before the Court with unclean hands based upon a pattern of inequitable conduct.

- a. Web Tracking and Green Acre's domain name registration of "web-stat.com" is first in time.

Plaintiff would have the Court believe that Web Tracking's use of "web-stat.com" is unauthorized and infringing, yet Green Acres and Web Tracking have prior rights to both "web-stat.com" and WEB-STAT. "Web-stat.com" was registered as a domain name by Green Acres on February 9, 1998. Web Tracking uses the domain name with the consent of Green Acres. Six months later, "webstat.com" was registered as a domain name. Someone other than Plaintiff must

have registered “webstat.com” because, although the “webstat.com” domain name registration was filed on August 11, 1998, Plaintiff was not formed and thus did not exist as a legal entity until September 22, 1999. Because Green Acres’ domain name had already been registered for six months at the time Plaintiff’s “predecessor” filed for registration of “webstat.com,” Plaintiff or its “predecessor” knew or should have known about Green Acres’ use of “web-stat.com,” as well as any resulting conflict between the parties’ respective domain names.

b. Web Tracking and Green Acres’s rights in the WEB-STAT mark are superior.

In addition to being first in time with respect to the “web-stat.com” domain name, Green Acres and Web Tracking also have priority rights with respect to use of “WEB-STAT” in connection with providing access over the Internet to statistical information. Both Green Acres and Web Tracking have used WEB-STAT as a common law trademark in connection with their services since as early as February 1998, and continuing to the present time. On the other hand, Plaintiff filed an application to register WEBSTAT.COM with the U.S. Patent and Trademark Office on September 17, 1999. Notably, Plaintiff’s WEBSTAT.COM application was filed five days *before* Plaintiff’s date of incorporation. A trademark applicant may be any person or entity capable of suing and being sued in a court of law. *See* Trademark Manual of Examining Procedure (“TMEP”) § 1201.02(a). At the time of filing its WEBSTAT.COM application, however, Plaintiff was not an entity “capable of suing or being sued in a court of law.” As Plaintiff was not a valid legal entity as of the filing date, the WEBSTAT.COM application and resulting registration are void.

Plaintiff's WEBSTAT.COM application was based on an actual use in commerce. An application based on use in commerce under 15 U.S.C. §1051(a) must be filed by the party who owns the mark on the application filing date. If the applicant does not own the mark on the application filing date, the application is void. *See* 37 C.F.R. §2.71(d); *Huang v. Tzu Wei Chen Food Co. Ltd.*, 849 F.2d 1458, 7 USPQ2d 1335 (Fed. Cir. 1988). Here, at the time of filing its use-based application, Plaintiff could not have owned the mark because the plaintiff did not exist.

In addition to filing its application for registration prior to its date of incorporation, Plaintiff also made a false statement with respect to its date of first use of the mark because Plaintiff had not yet come into legal existence. It claimed, under oath, a first use date of January 16, 1999. However, this alleged first use date precedes Plaintiff's date of incorporation by eight months. A misstatement of the date of first use in a use-based application is not fraudulent *as long as there has been some valid use of the mark prior to filing date*. *See Western Worldwide Enterprises Group, Inc. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137 (TTAB 1990). But here, Plaintiff could not have made valid use of the mark prior to the filing date, again because it did not yet exist. Where a use based application contains a false statement of pre-application use and no use in fact occurred until after the filing of the application, then the registration is void *ab initio* and fraudulent. *See Orient Express Trading Co. v. Federated Dep't Stores, Inc.*, 2 U.S.P.Q.2d 1106 (S.D.N.Y. 1987) (holding that, while a misstatement of the date of first use alone may not itself be sufficient for finding fraud, the totality of false statements justifies a finding of fraud and cancellation of the registrations). Because Plaintiff could not have used the WEBSTAT.COM mark as a trademark (that is, to identify and distinguish its goods and services from those offered by others) until after

its formation, Plaintiff's WEBSTAT.COM registration is both invalid and fraudulent and thus subject to cancellation.

c. Web Tracking's common law rights are superior.

If Plaintiff's WEBSTAT.COM registration is invalid (and, in fact, void), Plaintiff must rely on common law rights to establish priority over Web Tracking. But it cannot. Plaintiff's common law rights do not predate Web Tracking's first use. In fact, Web Tracking used "web-stat.com" and WEB-STAT in connection with providing access over the Internet to statistical information a full eighteen months before Plaintiff's date of incorporation, and almost a year before Plaintiff's alleged date of first use.

d. Huntana, LLC, a dissolved limited liability company, could not assign trademark rights to Plaintiff.

To overcome this obstacle, Plaintiff attempts to rely on an assignment of the WEBSTAT mark from Huntana LLC ("Huntana"). Huntana obtained a federal registration for WEBSTAT on May 6, 1997 for use in connection with "computer software for analyzing and monitoring electronic traffic at specific sites on computer systems" (Reg. No. 2,058,787). The WEBSTAT registration claims a first use date of May 16, 1995. On February 21, 2003, "Matt Hunter, Huntana LLC" purported to assign all rights in the WEBSTAT mark, including Reg. No. 2,058,787, to Plaintiff. Unfortunately for Plaintiff, this purported assignment is both fraudulent and invalid. The assignment is, in fact, nothing more than a sham, cooked up in an attempt to gain for Plaintiff a priority date preceding that of Web Tracking.

At the time of the purported assignment in February 2003, Huntana was no longer in existence. In fact, according to the records maintained by the Montana Secretary of State, Huntana

was dissolved over five years earlier on December 1, 1997. At that time, it ceased to be a limited liability company in good standing and was no longer authorized to conduct business. Montana law provides that a dissolved company forfeits all rights to carry on business. A limited liability company continues after dissolution "only for the purpose of winding up its business." *See* MCA § 35-8-901(2). These "winding up" activities include prosecuting and defending suits, settling and closing the business of the company, disposing of and transferring the property of the company, discharging the liabilities of the company, and distributing to the members any remaining assets of the company. *See* MCA § 35-8-903.

In this case, Plaintiff cannot reasonably argue that in "winding up" its business, Huntana continued to sell software products for a further five years, or that assigning the WEBSTAT mark to Plaintiff or filing a declaration of use and incontestability with the U.S. Patent and Trademark Office more than five years later are somehow part of its "winding up" activities. However, notwithstanding the fact that it had been dissolved for almost six years and that there had been a corresponding six-year break in continuity of Huntana's use of the WEBSTAT mark on software for analyzing and monitoring Internet traffic (if, in fact, Huntana ever used the mark in commerce at all), Huntana purported to assign its trademark rights in WEBSTAT to Plaintiff "for good and valuable consideration." Moreover, the assignor of the mark is listed as "Matt Hunter, Huntana LLC," and the assignment is signed by Matt Hunter. Huntana had lost its rights in WEBSTAT and Matt Hunter never had any rights in the WEBSTAT mark or to Reg. No. 2,058,787. Therefore, neither Huntana nor Hunter could assign anything to Plaintiff. Clearly, the purported assignment was a sham.

e. Huntana never used the mark in commerce.

The assignment is also invalid where Huntana purported to assign rights to Plaintiff that Huntana did not have. Reg. No. 2,058,787 covers only “computer software for analyzing and monitoring electronic traffic at specific sites on computer systems” in Class 9. It does not cover providing access over the Internet to statistical information in class 35, and Huntana never offered or provided these services under the WEBSTAT mark. Therefore, even if the assignment were somehow valid, Huntana could only transfer to Plaintiff rights that it possessed (that is, rights with respect to computer software). It did not possess rights with respect to providing access over the Internet to statistical information. Therefore, the Plaintiff received nothing from Huntana, who had nothing to give and no authority to give anything. Accordingly, Plaintiff’s date of first use of the WEBSTAT mark in connection with its services is in 1999 - well after Web Tracking’s 1998 first use date.

f. Plaintiff’s section 8 declaration is false.

Plaintiff also cannot rely on Reg. No. 2,058,787 where Plaintiff and Huntana engaged in inequitable, possibly fraudulent, conduct in an attempt to keep this registration alive. To maintain a federal registration, a trademark owner is required to file a § 8 declaration of use with the U.S. Patent and Trademark Office after the fifth but before the sixth anniversary of the registration date. *See* 15 U.S.C. § 1058. To achieve the status of incontestability, a § 15 affidavit may also be filed after five years of continuous use. *See* 15 U.S.C. § 1065. Therefore, in order to preserve the WEBSTAT registration, its owner was required to file a § 8 declaration of use on or before May 6, 2003. Plaintiff, fraudulently in the name of Huntana, filed a combined declaration under §§ 8 and 15 for Reg. No. 2,058,787 and verified, by declaration under 18 U.S.C. § 1001, that Huntana was

the owner of the mark, that the mark was still in use by Huntana in commerce, and that the mark had been in continuous use in commerce for five consecutive years following its date of registration. The declaration was signed by Christopher J. Starkey, falsely claiming to be "manager" of non-existing Huntana. A second combined declaration under §§ 8 and 15 was filed by Christopher J. Starkey, but was disallowed by the U.S. Trademark Office.

The combined sixth year declaration filed by Plaintiff is both false and fraudulent. At the time of filing, Plaintiff could not reasonably believe that either it or Huntana owned the mark, that the mark was in use on software goods, not services, or that the mark had been in continuous use for five consecutive years on software goods, not services. Plaintiff's claim of ownership obviously rests upon the purported assignment from Huntana, yet that assignment, as discussed above, was a sham.

The declaration filed by Starkey on behalf of dissolved Huntana is also both false and fraudulent. Huntana had no authority to file the declaration. First, it had purported to assign its rights in Reg. No. 2,058,787 to Plaintiff. Second, it had been dissolved and, therefore, could not have been continuously selling software goods under the name WEBSTAT for almost six years after dissolution. As such, the statements that it was the owner of the mark, was using the mark in commerce, and had used the mark continuously for five consecutive years since its registration are all false and were known by Starkey to be false when made. In addition, the declaration, signed by Christopher J. Starkey, falsely claimed Starkey to be an active manager of Huntana, the same individual who signed the other declaration on behalf of Plaintiff, only this time as "manager" of the Plaintiff. The only conclusion is that Mr. Starkey, on behalf of both Plaintiff and dissolved

Huntana, knowingly submitted a patently false combined continuing use declaration under sections 8 and 15. There was no continuing use.

The penalty for violation of 18 U.S.C. § 1001 is fine or imprisonment, or both. The false declarations also preclude Plaintiff from reliance on Reg. No. 2,058,787. *See Stardust Inc. v. Birdsboro Knitting Mills, Inc.*, 119 USPQ 270 (TTAB 1958) (statement made in section 8 affidavit that the mark was in use was untrue, thus precluding party from relying on the registration for any purpose); *see also Duffy Mott-Company, Inc. v. Cumberland Packing Company*, 424 F.2d 1095 (CCPA 1970) (filing a sworn statement as far from the truth as was that which was filed precluded party from relying on the registration).

Plaintiff attempted to fraudulently preserve Reg. No. 2,058,787 by engaging in inequitable and fraudulent conduct. Under the doctrine of unclean hands, it would be unfair and inequitable to permit Plaintiff to rely on this registration in a misguided attempt to gain priority rights over Web Tracking. *See Duffy-Mott*, 424 F.2d at 1051. Thus, no relief should be available to Plaintiff, and this Court should dismiss the Complaint with prejudice.

2. *Prosecution History Estoppel Leaves the Plaintiff Second in Time and Without a Cause of Action.*

Prosecution history estoppel precludes Plaintiff from contending that Web Tracking's use of "web-stat.com" in connection with its services is confusingly similar to Reg. No. 2,058,787. Plaintiff's WEBSTAT.COM mark (Reg. No. 2,395,542) was initially refused registration by an Examining Attorney at the U.S. Patent and Trademark Office based upon a likelihood of confusion with Huntana's Reg. No. 2,058,787 for WEBSTAT. In response to this initial refusal, on January 26, 2000, Mr. Starkey and Dan Galbraith, on behalf of Plaintiff, sent a letter to the U.S. Patent and

Trademark Office in an attempt to distinguish their services of “providing statistical information to website owners and managers regarding the visitors to their website via a global computer network,” from the “computer software for analyzing and monitoring electronic traffic at specific sites on computer systems” covered by Reg. No. 2,058,787.

The letter to the U.S. Patent and Trademark Office contains the following language: “We propose a modification to the recitation of services to read, ‘Providing instant statistical information to website owners and managers regarding the visitors to their website via a global computer network.’ This modification then clarifies that WEBSTAT.COM is not software, but rather a website providing statistical information and should set it apart from the [WEBSTAT] mark.”

Plaintiff now asks this Court to accept precisely the opposite proposition, arguing that a likelihood of confusion does in fact exist between Reg. No. 2,058,787 and Web Tracking’s use of “web-stat.com” in connection with its services of providing access over the Internet to statistical information. In *Petro Shopping Centers L.P. v. James River Petroleum*, 130 F.3d 88 (4th Cir. 1997) the court refused to find a likelihood of confusion between plaintiff’s PETRO mark for truck stop services and defendant’s JAMES RIVER PETRO CARD for payment cards at unmanned, self-service gasoline pumps for car and truck fleets where plaintiff had previously argued, in order to obtain registration of its PETRO mark from the U.S. Patent and Trademark Office, that no likelihood of confusion existed. Similarly, this Court should find Plaintiff estopped from asserting a likelihood of confusion between Web Tracking’s use of “web-stat” and “web-stat.com” in connection with its services and Reg. No. 2,058,787 based upon Plaintiff’s assertion before the

U.S. Patent and Trademark Office of precisely the opposite proposition in order to obtain Reg. No. 2,395,542.

3. *The Term "WEBSTAT" Likely Does Not and Cannot Identify a Single Source of Internet Information Services Because It Is Descriptive and/or Generic.*

Perhaps neither party has rights in the disputed mark because it appears to be generic. If the mark is generic, this action should be dismissed. If the mark is generic, Plaintiff cannot claim exclusive rights in the term WEBSTAT because "webstat," as used in connection with providing Internet statistical information, is or has become descriptive and/or generic. The term cannot be proprietary to Plaintiff because the term does not and cannot serve to identify a single source for web statistics. The term "webstat" is an abbreviated combination of 2 words, namely, "web" and "statistics." "Web" is a common abbreviation for the "World Wide Web." "Statistic" is defined as the "collection, organization and interpretation of numerical data." See *The American Heritage Dictionary of the English Language* (4th ed.) Thus, the term "webstat" is either generic or descriptive of services relating to the collection, organization, interpretation and presentation of Internet data. As such, Plaintiff cannot claim exclusive rights in this term.

4. *No Relief Is Available Because the Statute of Limitations Has Expired and Concurrently Plaintiff Has Silently Acquiesced for Six Years in Web Tracking's Use of "web-stat.com."*

Even if Plaintiff once had rights in WEBSTAT, which is doubtful, Plaintiff has failed to enforce those rights. For six year Plaintiff has known of and acquiesced in use by Green Acres and Web Tracking of "web-stat.com" and WEB-STAT. Web Tracking has relied, to its prejudice, on the Plaintiff's silence and lack of objection over the last six years and, as a result of Web Tracking's business efforts and investments, Web Tracking has built a substantial business,

customer base and goodwill with respect to "web-stat." It would result in both major business and financial injury and irreparable harm to Web Tracking if it were not allowed to continue its use of "web-stat.com."

IV. ATTORNEYS FEE

Given the Plaintiff's egregious conduct, it is appropriate for the Court to award the Defendant its attorneys fee and such action is courteously invited.

V. CONCLUSION


For the reasons set forth above, Web Tracking respectfully asks this Court to dismiss Plaintiff's Complaint for lack of jurisdiction and venue. In the alternative, Web Tracking asks this Court to dismiss the Complaint with prejudice for failure to state a claim under Rule 12(b)(6) of the Federal Rules of Civil Procedure.

VI. ORAL HEARING

The Defendant, Web Tracking, requests an oral hearing on its Motion to Dismiss.

DATED this 16th day of April, 2004.

LYNN G. FOSTER, L.C.



Lynn G. Foster
Attorney for Defendant

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FILED
CLERK, U.S. DISTRICT COURT

2004 JUL 15 P 4: 02

IN THE UNITED STATES COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION BY: _____
DEPUTY CLERK

WEBSTAT.COM, L.L.C., a Utah limited
liability corporation

Plaintiffs,

vs.

WEB TRACKING SERVICES, L.L.C., a
South Carolina limited liability corporation

Defendants.

ORDER STRIKING HEARING;
DENYING DEFENDANT'S MOTION
TO DISMISS FOR LACK OF
SUBJECT MATTER JURISDICTION,
PERSONAL JURISDICTION, AND
VENUE; AND CONVERTING RULE
12(b)(6) MOTION TO DISMISS TO A
MOTION FOR SUMMARY
JUDGMENT AND DIRECTING
LIMITED DISCOVERY

Case No. 2:03-CV-00977

Defendant Web Tracking Services, L.L.C (hereinafter "Web Tracking") filed a motion to dismiss, asserting four separate grounds for dismissal. The court finds that it has subject matter jurisdiction and personal jurisdiction and that venue is proper. The court withholds judgment on the 12(b)(6) motion to dismiss for failure to state a claim. Pursuant to Rule 12(b), the court hereby notifies the parties that it intends to treat the motion to dismiss for failure to state a claim

as a motion for summary judgment and directs the parties to conduct limited discovery into the issues raised by the 12(b)(6) motion. The hearing set for July 19, 2004, is stricken. The parties shall have until September 15, 2004 to conduct limited discovery into the remaining matters.

STATEMENT OF FACTS

There is substantial dispute over the facts of this case. The court will set forth the relevant facts below, noting where the parties differ.

Plaintiff Webstat.com (hereinafter "Webstat") operates a website at *www.webstat.com*. Defendant Web Tracking operates the website *www.web-stat.com*. Both sites offer services to other websites whereby they can keep track of the number of "hits" to their website.

The dispute in this case involves the trademark WEBSTAT. The trademark WEBSTAT was originally registered with the United States Patent and Trademark Office on October 19, 1995, registration number 2,058,787. The registrant was Huntana, a Montana limited liability company owned by Matt Hunter. The Goods and Services description accompanying the registration stated that the trademark was to be used in connection with "computer software for analyzing and monitoring electronic traffic at specific sites on computer systems." The rights to the trademark WEBSTAT were transferred to Plaintiff Webstat from Huntana LLC by Matt Hunter on February 26, 2003.

Webstat alleges that it now holds the rights to the federal registration of the trademark WEBSTAT, that the trademark has become inherently distinctive, and that Web Tracking has used the trademark WEBSTAT without authorization in connection with its website *www.web-stat.com*. Webstat further alleges that Web Tracking has also used the marks

WEB-STAT, and WEB STAT in connection with its website. Webstat alleges that Web Tracking's use of these marks has and will continue to cause consumer confusion. As a result, Webstat claims that Web Tracking has violated WEBSTAT.COM's federally registered trademark WEBSTAT in violation of 15 U.S.C. § 1141(c). Webstat also alleges that Web Tracking's use of the trademark WEBSTAT constitutes federal unfair competition in violation of 15 U.S.C. § 1125(a).

The parties disagree on several key points which bear on the resolution of the motion to dismiss. Webstat alleges that the *www.web-stat.com* domain name was registered by Web Tracking on September 14, 2003. Web Tracking argues that it does not own the *www.web-stat.com* domain name, but that the domain name is owned by Green-Acres Services (hereinafter "Green-Acres") and was registered as a domain name by Green-Acres on February 9, 1998. Green-Acres and Web Tracking are both owned by Olivier Galy. Green-Acres has not been named as a party to this litigation. Thus, there is a dispute over who owns the allegedly infringing domain name and when the domain name was registered.

Another underlying dispute between the parties involves the rights Webstat has to the federally registered trademark in WEBSTAT. Webstat obtained the rights to the trademark from Huntana, L.L.C., a Montana company which no longer exists. Huntana was apparently involuntarily dissolved in 1997 for failure to file an annual report and pay annual fees in accordance with Montana law. Webstat alleges that when it purchased the trademark from Huntana it did so as part of Huntana's "winding up" of its business under Montana corporate law. Web Tracking alleges that Huntana had lost its rights to the trademark through non-use and

that the transfer to Webstat occurred so long after Huntana was dissolved that it could not have been a valid part of "winding up" its business.

There is also a dispute over the scope of the rights conferred by the federally registered trademark in WEBSTAT. Web Tracking alleges that the mark pertains only to software products in international class 9, and not to internet tracking services of the type provided by Web Tracking. Webstat argues that the scope of the federal registration does not necessarily determine the scope of the rights in a particular mark and asserts a common law claim in connection with its federal registration claim.

DISCUSSION

Web Tracking asserts four separate bases for dismissal: (1) lack of subject matter jurisdiction; (2) lack of personal jurisdiction; (3) improper venue; and (4) failure to state a claim. The court will review each in turn.

Subject Matter Jurisdiction

Defendant Web Tracking argues that this court lacks subject matter jurisdiction because the dispute between the parties is subject to a mandatory administrative proceeding. Like all registrants of domain names, the parties in this case incorporated into their registration agreements the terms of the Uniform Domain Name Dispute Resolution Policy (UDRP).¹ Paragraph 4 of the UDRP, entitled Mandatory Administrative Proceeding, "sets forth the types of

¹ Available at <http://www.icann.org/dndr/udrp/policy.htm>. See, *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 20 (2001) ("[R]egistrars have agreed, or have been required by ICANN [Internet Corporation for Assigned Names and Numbers], to incorporate the UDRP into registration agreements . . . and registrants must accept the UDRP's terms in order to register a domain name.").

disputes for which you [the domain name registrant] are required to submit to a mandatory administrative proceeding.”² Paragraph 4(a) states that claims subject to the administrative proceeding are those in which “a third party . . . asserts to the applicable Provider . . . that (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and (ii) you have no rights or legitimate interests in respect of the domain name; and (iii) your domain name has been registered and is being used in bad faith.”³ Web Tracking alleges that this provision covers the matter before the court. A plain reading of the provision demonstrates otherwise.

Importantly, the domain name at issue in this case is *www.web-stat.com*, and the registrant of that domain name is Web Tracking. The “third party” in this case is Webstat. As paragraph 4(a) of the UDRP makes clear, when a “third party . . . asserts to the applicable Provider” that a registered domain name violates a federal trademark right and is being used in bad faith then “you” – in this case Web Tracking – “must submit to a mandatory administrative proceeding.” Thus, the restrictions are on the registrant, not the complainant. The fact that Webstat happens also to own a domain name which required signing the UDRP is irrelevant since that domain name is not in dispute. Thus, “it would not be appropriate to ‘compel’ participation in UDRP proceedings under § 4 as a prerequisite to litigation because UDRP complainants, as strangers to the registration agreement, are under no obligation to avail

²*Id.*

³*Id.*

themselves of the UDRP.”⁴ The same is true of the jurisdictional limitations in Paragraph 4(k). As the Second Circuit has noted, “The jurisdictional restrictions in UDRP Paragraph 4(k) thus address the limitations on the registrar’s obligations that arise in response to a lawsuit; they do not affect jurisdictions in which the complainant may seek an ‘independent resolution’ from the courts.”⁵

Webstat is a stranger to the contract governing registration of *www.web-stat.com*. As such, Webstat was not required to submit a dispute over that domain name to the mandatory administrative proceedings. As a “third party” complainant, Webstat had the option of submitting the case to the UDRP proceedings. Thus, Paragraph 4(k) of the UDRP states:

The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.⁶

The Third Circuit agrees. “[T]he trademark holder . . . is not required to avail itself of the dispute resolution policy before moving ahead in the district court . . . Only the domain-name *registrant* is contractually obligated to participate in the proceeding if a complaint is filed.”⁷

The choice is with the third party complainant, not with the Defendant in such actions. Webstat has chosen not to submit its claim “to the applicable Provider” but instead has submitted it to a

⁴*Parisi v. Netlearning, Inc.*, 139 F.Supp.2d 745, 751 (E.D.Va. 2001).

⁵*Storey v. Cello Holdings, L.L.C.*, 347 F.3d 370, 380 (2d Cir. 2003).

⁶*Id.*

⁷*Dluhos v. Strasberg*, 321 F.3d 365, 372 (3d Cir. 2003).

court of competent jurisdiction. Thus, the UDRP does not deprive this court of its subject matter jurisdiction in this action.⁸

Personal Jurisdiction

Plaintiff Webstat alleges only *specific* personal jurisdiction over Defendant Web Tracking. "Specific personal jurisdiction exists when a non-resident defendant purposefully establishes minimum contacts with the forum state, the cause of action arises out of these contacts, and jurisdiction is constitutionally reasonable."⁹ This in turn "requires a three-part inquiry: 1) the defendant's acts or contacts must implicate Utah under the Utah long-arm statute; 2) a nexus must exist between the plaintiff's claims and the defendant's acts or contacts; and 3) the application of the Utah long-arm statute must satisfy the requirements of federal due process."¹⁰ Utah's long-arm statute is interpreted broadly so that "any set of circumstances that satisfies due process will also satisfy the long-arm statute."¹¹ Thus, the more relevant question involves the federal due process analysis.

A. Minimum Contacts

⁸See *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F.Supp.2d 505, 509 (S.D.N.Y. 2000) (trademark holder not required to pursue UDRP proceedings before filing complaint in federal district court).

⁹*System Designs, Inc., v. New Customware Company, Inc.*, 248 F.Supp.2d 1093, 1096 (D.Utah 2003) citing *iAccess, Inc. v. WEBcard Technologies, Inc.*, 182 F.Supp.2d 1183, 1186 (D.Utah 2002) citing *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476-77 (1985).

¹⁰*System Designs*, 248 F.Supp. at 1096 citing *Soma Medical Intern. v. Standard Chartered Bank*, 196 F.3d 1292 (10th Cir. 1999).

¹¹*System Designs*, 248 F.Supp.2d at 1097 citing *MegaDiamond, Inc. v. American Superabrasives Corp.*, 969 P.2d 430, 433 (Utah 1998).

The federal due process analysis involves two steps. First, the defendant must have sufficient minimum contacts with the forum state.¹² Second, the court must determine “whether the exercise of personal jurisdiction offends traditional notions of fair play and substantial justice.”¹³ Plaintiff Webstat asserts that this court has personal jurisdiction over Web Tracking for three reasons: (1) Web Tracking’s alleged intentional trademark infringement directed at this forum; (2) Web Tracking’s contacts with this forum through its website; and (3) Web Tracking’s alleged attempt to evade jurisdiction in this forum. Importantly, Webstat need only make a prima facie showing of personal jurisdiction at this point in the proceedings.¹⁴

1. Trademark Infringement

In *System Designs, Inc., v. New Customware Company, Inc.*,¹⁵ this court followed the example of other courts in analyzing personal jurisdiction in a trademark infringement case under the effects test of *Calder v. Jones*. The *Calder* effects test holds that in a tort case, such as trademark infringement, jurisdiction turns on whether the defendant’s conduct is targeted at, or has an effect in, the forum state. In *Calder*, for example, the Supreme Court found personal jurisdiction was appropriate in California where the defendant published an allegedly libelous article aimed at a resident of California. California was an appropriate forum because it was “the

¹²*System Designs*, 248 F.Supp.2d at 1097.

¹³*Id.* at 1104.

¹⁴*System Designs*, 248 F.Supp.2d at 1096.

¹⁵248 F.Supp.2d 1093.

focal point both of the story and of the harm suffered.”¹⁶ Because the defendant’s conduct was “aimed at” California, he could have “reasonably anticipate[d] being haled into court there.”¹⁷

Courts applying the *Calder* “effects test” to claims of trademark infringement have generally held that mere registration of a domain name, without more, is insufficient to create personal jurisdiction. Thus, in *Cybersell Inc. v. Cybersell Inc.*,¹⁸ the Ninth Circuit held that alleged trademark infringement by use of the registered name “Cybersell” on a passive website was not sufficient to create jurisdiction under the effects test.¹⁹ The mere registration of a domain name was not conduct sufficiently targeted at the owner of the trademark in the forum state.

In *Panavision Intern., L.P. v. Toeppen*,²⁰ the Ninth Circuit distinguished *Cybersell* and found that personal jurisdiction in California was appropriate where the defendant had intentionally registered Panavision’s trade names to force Panavision to pay him money. The court agreed with *Cybersell* that “simply registering someone else’s trademark as a domain name and posting a web site on the Internet is not sufficient to subject a party domiciled in one state to jurisdiction in another.”²¹ There must be “‘something more’ to demonstrate that the defendant

¹⁶*Calder*, 465 U.S. at 789.

¹⁷*Id.*

¹⁸130 F.3d 414 (9th Cir. 1997).

¹⁹*Id.* at 420.

²⁰141 F.3d 1316 (9th Cir. 1998).

²¹*Id.* at 1322.

directed his activity toward the forum state.”²² In *Panavision*, that “something more” was the defendant’s knowledge that his actions would have the effect of injuring Panavision in California. In essence, the “cybersquatting” activities of the defendant were intentionally targeted at a California plaintiff.

In *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, Ltd.*,²³ the Seventh Circuit addressed this issue. In that case the defendant had allegedly infringed on the trademark of the Colts, an Indiana plaintiff. The court found that personal jurisdiction was appropriate in Indiana partly because “[b]y choosing a name that might be found to be confusingly similar to that of the Indianapolis Colts, the defendants assumed the risk of injuring valuable property located in Indiana.”²⁴ However, the Seventh Circuit noted that “[i]n *Calder* as in all the other cases that have come to our attention in which jurisdiction over a suit involving intellectual property . . . was upheld, the defendant had done more than brought about an injury to an interest located in a particular state. The defendant had also ‘entered’ the state in some fashion.”²⁵ In the *Colts* case, the fact that a good deal of the potential consumer confusion would likely occur in Indiana provided the additional facts needed to satisfy the *Calder* “effects test.”

In *System Designs* this court followed the lead of the Seventh and Ninth Circuits and refused to adopt a *per se* rule that trademark infringement alone is sufficient to create jurisdiction

²²*Id.*

²³34 F.3d 410 (7th Cir. 1994).

²⁴*Id.* at 411.

²⁵*Id.* at 412.

in the home state of the owner of the trademark. In that case, System Designs, a Utah company, owned and used the registered trademark "CustomWare," for use with its computer software. System alleged that New CustomWare had infringed the trademark and filed suit in this court. This court reviewed *Cybersell*, *Panavision*, and *Indianapolis Colts*, and concluded that while a strong argument could be made for personal jurisdiction based on alleged trademark infringement alone, there was no need to adopt a per se rule. This court stated:

Trademarks are registered in a national database, accessible to anyone. By registering a trademark with this database, an owner of a mark puts the world on notice—literally—that they have the rights to that mark. Not only does this establish a constructive notice as to the right to use the mark, it also establishes a constructive notice as to where the mark is registered. Therefore, to avoid suit in Utah, New Customware needed only to look up the CustomWare mark *before* it chose to adopt it for its company name. A search would have quickly revealed that CustomWare was a registered Utah trademark, thereby warning New CustomWare it might be subject to suit in Utah if it chose to use that mark.²⁶

This court also noted that in *Cybersell* it seemed important to the Ninth Circuit that "the 'Cybersell' Arizona mark was not registered at the time the infringing use of 'Cybersell' began in Florida. This strongly suggests that the Ninth Circuit might have viewed the case differently had the mark in fact been registered. In such a situation, the person registering the trademark could reasonably have expected to defend the mark in their own jurisdiction."²⁷ A party who intentionally infringes upon a trademark and knows, or reasonably should know, that the effects of the infringement will be felt by the owner of the trademark in a particular state is not much

²⁶*System Designs*, 248 F.Supp.2d at 1098-99.

²⁷*Id.* at 1099.

unlike the cybersquatter of *Panavision* whose conduct was clearly directed at the resident of the forum state. After all, “[u]nder *Calder*, the ‘effects’ of the infringement are easy to determine: there is a *national listing* indicating exactly which state will feel the ‘effects’ of the infringement. No other tort (except possibly patent infringement) provides this kind of advance notice regarding location.”²⁸

Thus, the *sine qua non* of personal jurisdiction under the *Calder* effects test is the intentional targeting of a forum. Personal jurisdiction based on the effects test is therefore inappropriate in this case. Had Web Tracking searched the national trademark database for the WEBSTAT trademark when its alleged infringement began it would have found that the trademark WEBSTAT was registered in Montana. A search of Montana corporate records would have further revealed that the company owning the trademark had been involuntarily dissolved. This would hardly have put Web Tracking on notice that the effects of its alleged infringement were being felt in Utah or that it might be haled into court in Utah. Not until February of 2003 was the trademark transferred to Webstat in Utah. As this court noted in *System Designs*, “a unilateral act by a plaintiff *without notice* to an infringer – such as moving to a different state or selling the trademark to a company in another location – would not be sufficient to establish jurisdiction.”²⁹

To be sure, if Web Tracking were aware of the transfer of the trademark to a Utah

²⁸*System Designs*, 248 F.Supp.2d at 1098-99.

²⁹*Id.* at 1099. See also, *World-Wide Volkswagen, Corp. v. Woodson*, 444 U.S. 286, 298 (1980).

company and thus aware that its allegedly infringing activity was now directed towards Utah, the court might be inclined to continue the analysis. However, there is no evidence that Web Tracking was aware that the trademark had been transferred to Webstat until Webstat notified Web Tracking of its alleged infringement on November 6, 2003. The Complaint in this matter was filed with this court on the same day. Thus, from the evidence now before the court, Web Tracking was likely not aware that the WEBSTAT trademark had been transferred to a Utah company until the same day the Complaint was filed with this court alleging that this court had jurisdiction over the matter. Nevertheless, Webstat alleges that Web Tracking "should have known" about the transfer because, "[a]s alleged in the Complaint," Web Tracking was causing consumer confusion.³⁰ "It is not unreasonable to assume," Webstat argues, that based on this allegation "a responsible actor would also have reviewed the federal registration for the WEBSTAT mark and observed that the mark was by then owned by a company in Utah."³¹ However, it should be obvious that when the unilateral acts of a plaintiff have changed the location of the owner of a trademark, notifying the alleged infringer of that fact on the same day a Complaint is filed does not give the alleged infringer enough notice that the effects of its actions are being felt in a new forum. Nor, under the circumstances, was there any duty for Web Tracking to continue to check the database. Accordingly, because Web Tracking had no notice that the affects of its alleged infringement were being felt in Utah until the very day the Complaint was filed with this court, the court concludes that the alleged trademark infringement

³⁰Memorandum in Opposition to Motion to Dismiss at 7.

³¹*Id.* at 8.

has no bearing on the personal jurisdiction analysis in this case. It simply was not conduct targeted at Utah.

2. The Website

While the alleged trademark infringement may have little bearing on the personal jurisdiction analysis, Web Tracking may have “purposefully avail[ed] itself of the privilege of conducting activities in [Utah], thus invoking the privileges and benefits of [Utah’s] laws” in other ways. Webstat alleges that the “highly interactive nature” of Web Tracking’s website provides sufficient minimum contacts with this forum. If Web Tracking has not purposefully availed itself of the privilege of conducting business in Utah, it may not be “haled into [court here] as a result of random, fortuitous, or attenuated contacts.”³²

“A website can form a basis for personal jurisdiction, depending on the level and type of activity conducted on it.”³³ Determining whether jurisdiction is appropriate based on contacts with a forum through a website “ultimately comes down to a ‘particularized inquiry’ of the facts surrounding the website and the actions that [Web Tracking] took related to the trademark infringement.”³⁴

Three general categories of websites have been identified under the “sliding scale” test set

³²*System Designs*, 248 F.Supp.2d at 1097.

³³*Id.* at 1100.

³⁴*Id.* at 1100 (quoting *Far West Capital, Inc. v. Towne*, 46 F.3d 1071 (10th Cir. 1995)).

forth in *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*³⁵

First, personal jurisdiction is established when “a defendant clearly does business over the Internet,” such as entering into contracts which require the “knowing and repeated transmission of computer files over the Internet.” Second, exercising personal jurisdiction is not appropriate when the Internet use involves “[a] passive Web site that does little more than make information available to those who are interested in it.” Under these circumstances, “a defendant has simply posted information on an Internet Web site which is accessible to users in foreign jurisdictions.” Third, a middle category encompasses “interactive Web sites where a user can exchange information with the host computer.” Whether the exercise of jurisdiction is appropriate depends upon “the level of interactivity and commercial nature of the exchange of information that occurs on the Web site.”³⁶

Web Tracking’s website clearly does more than merely make information available.

Thus, personal jurisdiction in this case will turn on whether Web Tracking is doing business over the internet in Utah or whether its website is sufficiently interactive for personal jurisdiction in Utah to be appropriate.

“Personal jurisdiction can easily be found where a defendant clearly does business over the Internet such as entering into contracts which require the knowing and repeated transfer of files over the Internet.”³⁷ Web Tracking concedes that it has 36 customers in Utah but contends that this does not rise to the level of “doing business” in Utah. Web Tracking describes their contact with these customers as follows:

³⁵952 F.Supp. 1119 (W.D.Pa. 1997).

³⁶*Patriot Systems, Inc. v. C-Cubed Corp.*, 21 F.Supp.2d 1318, 1323-24 (D.Utah 1998) (quoting *Zippo Mfg.*, 952 F.Supp. at 1123-24); see also *System Designs*, 248 F.Supp.2d at 1100.

³⁷*System Designs*, 248 F.Supp.2d at 1100 (citing *iAccess*, 182 F.Supp.2d at 1187).

Web Tracking's customers, wherever located, register for Web Tracking's service by submitting an online account form containing contact and payment information and the customer's preferences for the format of Web Tracking's statistical data. In response, Web Tracking acknowledges receipt of the online account form and sends the customer a few lines of HTML and JavaScript code. Thereafter, the customer may request web traffic statistics from Web Tracking's database, which Web Tracking displays on the customer's browser.

However, the "hit counter" image is never sent to the customer. Although it appears to be displayed on a customer's website, the "hit counter" is actually displayed on the browser of the person who has accessed Web Tracking's customer's website. Third-parties viewing the "hit counter" on Web Tracking's customer's website may be located anywhere in the world. This activity does not constitute the knowing and repeated transfer of files to Utah residents over the internet

Because of the pervasive nature of the internet, Web Tracking has acquired a few customers who reside in Utah. These customers have found Web Tracking through their own unilateral acts. Web Tracking has made absolutely no effort to promote its service in Utah or to reach out to potential customers in Utah in any targeted way. Web Tracking's contacts with these thirty-six customers are, therefore, random, fortuitous, and attenuated.

Web Tracking also notes that while it has 36 customers in Utah, this is a minute fraction of their more than 7,000 customers. Further, Web Tracking alleges that a subscription to Web Tracking's services gives customers access to statistical information located in South Carolina and Texas.

It seems clear to the court that Web Tracking is conducting business in Utah, at least with respect to these 36 customers. Much of Web Tracking's argument is based on its assertion that, other than the normal file transfer associated with the basic functioning of the Internet, Web Tracking does not engage in the repeated transfer of files to customers in Utah. However, doing business with a forum over the Internet is not limited to transferring files. The cases clearly

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speak of doing business “such as” transferring files.³⁸ Thus, Web Tracking argues that it “does not even ‘send’ the hit counter *image* to its customers, but only to visitors to its customers’ web sites.”³⁹ However, this is still obviously a part of doing business with customers in Utah. The language of Web Tracking’s brief speaks of “customers” who “subscribe” to a “service” and receive an “account” and “payment information.” The fact that these transactions occur over the Internet does not relegate what are obviously business transactions to some other status. Further, the fact that only 36 of some 7,000 customers are located in Utah is irrelevant. The minimum contacts analysis is not concerned with the number of contacts a defendant may have with other forums, but only with the forum in question. The minimum contacts analysis would be the same even if Web Tracking had only 36 customers, all of which were located in Utah. The extent of its contacts with this forum do not change either way. Additionally, the fact that the services provided by Web Tracking are routed through the browsers of third-parties is also irrelevant. Web Tracking has clearly entered into contracts with Utah customers and is providing a service to those customers in Utah.

Web Tracking also contends that it does not “target” Utah and that it has “made absolutely no effort to promote its service in Utah or to reach out to potential customers in Utah in any targeted way.” Of course, Web Tracking could probably say the same thing about any particular state. The fact that its services are offered everywhere does not mean that Web Tracking targets nowhere. It simply means that Web Tracking has a broad target for its services.

³⁸*Patriot Systems, Inc.*, 21 F.Supp.2d at 1323.

³⁹Reply Memorandum in Support of Motion to Dismiss at 17.

Web Tracking could exclude Utah customers from its broad target, but has not chosen to do so. Thus, Utah is targeted just as much as any other state. Web Tracking is certainly just as happy to service Utah customers as it is customers from anywhere else. Thus, the court concludes that Web Tracking is doing business in Utah and has sufficient minimum contacts with this state for jurisdiction to be appropriate. Importantly, the website in this case is directly related to the alleged trademark infringement, thus creating the "nexus" that some courts have required between the website and the forum state.⁴⁰

Even were the court to conclude that Web Tracking is not "conducting business" in Utah, jurisdiction would still be appropriate under *Zippo's* middle category of interactive websites. "[C]ourts that have evaluated the middle-ground cases typically look for 'something more' than a website's existence to find specific personal jurisdiction. The inquiry revolves around a determination of whether or not the defendant purposefully directs its activities in a *substantial* way toward the forum state . . ."⁴¹ Additionally, "most courts also require[] a finding of a nexus between the Internet business and the forum state,"⁴² Finally, "[t]he critical inquiry in determining whether or not there was a purposeful availment of the forum jurisdiction is not merely the quantity, but the quality of the contacts. The quantity of contacts with the forum jurisdiction, however, remains an appropriate consideration."⁴³

⁴⁰*System Designs*, 248 F.Supp.2d at 1100.

⁴¹*Id.*

⁴²*Id.*

⁴³*Id.*

In *System Designs* this court found that jurisdiction in Utah was appropriate based on the defendant's interactive website. While noting that the defendant in that case, New CustomWare, "did not have deliberate or repeated contacts with Utah," this court concluded that New CustomWare's "own creation—its website—demonstrates an intentional *targeting* of Utah."⁴⁴ Like this case, "New CustomWare's 'product' . . . was in fact a service."⁴⁵ The court concluded that New CustomWare's website intended to reach potential clients in Utah.

New CustomWare offered on-line registration for its classes and an ability to set up a 'personalized' training program. Customers could design training programs without picking up a phone, even paying for services by credit card on-line. Clients of New CustomWare could sign up for updates on their class materials accessible by a special password. More important, New CustomWare listed its large clients on their website, including Wells Fargo, Qwest, U.S. West, AT&T, Sprint, and Dell—all companies with substantial connections to Utah. By listing them as clients, New CustomWare was suggesting to Utah companies the desirability of doing business with it.⁴⁶

The court admitted that the degree of targeting in *System Designs* was not high and that "the targeting was unsuccessful in the sense that no clients in Utah actually chose to contract over the website" but saw even this minor targeting, when taken in combination with the alleged trademark infringement, as being a legitimate basis for jurisdiction.

In this case, unlike *System Designs*, we have the additional fact that Web Tracking's targeting of Utah was successful in that it acquired 36 customers here in Utah. Additionally, the website involved here is much like the website at issue in *System Designs*. Customers sign up on-

⁴⁴*Id.* at 1102.

⁴⁵*Id.*

⁴⁶*Id.*

line, pay a monthly fee on-line, access their account on-line through a member ID and password, and keep track of their statistics by continually returning to Web Tracking's website. Thus, the court concludes that the success of Web Tracking in obtaining customers in Utah, and the highly interactive nature of its website, especially with respect to these customers, provide sufficient minimum contacts with this forum for jurisdiction to be appropriate. These actions also satisfy Utah's long-arm statute which covers any person who conducts "the transaction of any business within the state."⁴⁷

B. Traditional Notions of Fair Play and Substantial Justice

Due process also requires that a courts assertion of jurisdiction comport with traditional notions of fair play and substantial justice.⁴⁸ There are five relevant factors in making this determination: (1) the burden on the defendant; (2) the forum state's interest in resolving the dispute; (3) the plaintiff's interest in obtaining the most efficient resolution of the controversies; and (5) the shared interest of the several states in furthering fundamental substantive social policies.⁴⁹ Web Tracking does not put forth any reasons why defending this suit in Utah would cause burdens "so great as to constitute a deprivation of due process."⁵⁰ Additionally, Utah has a clear interest in resolving a trademark dispute surrounding a Utah company, and Webstat clearly has an interest in having the case adjudicated here. In sum, there is no reason to believe that this

⁴⁷Utah Code Ann. § 78-27-23.

⁴⁸*International Shoe Co. v. Washington*, 326 U.S. 310, 320 (1945).

⁴⁹*System Designs*, 248 F.Supp.2d at 1104 (citing *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292 (1980)).

⁵⁰*System Designs*, 248 F.Supp. at 1104.

court's exercise of jurisdiction in this case would offend traditional notions of fair play and substantial justice.

Improper Venue

Web Tracking also contends that Utah is not a proper venue for this action under 28 U.S.C. § 1391(b) and (c). However, subsection (b) of section 1391 states that venue is proper "only in (1) a judicial district where any defendant resides, if all defendants reside in the same state . . ." Subsection (c) states that "[f]or purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." Thus, this court's resolution of the personal jurisdiction issue also resolves Web Tracking's improper venue claim.

MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM

Rule 12(b) states that on a motion to dismiss for failure to state a claim, if "matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56." The Tenth Circuit has stated that "[t]he term 'reasonable opportunity' includes some indication by the court . . . that it is treating the 12(b)(6) motion as a motion for summary judgment, with the consequent right in the opposing party to file counter affidavits or to pursue reasonable discovery."⁵¹

⁵¹*Franklin v. Oklahoma City Abstract & Title Co.*, 584 F.2d 964, 967 (10th Cir. 1978) (internal quotations omitted).

Were the present motion a motion for summary judgment, the court would be inclined to find that Web Tracking has a valid defense of abandonment. However, doing so without the parties having had the opportunity for discovery into this issue would be inappropriate at this juncture. As such, the court hereby informs the parties of its intention to treat the motion to dismiss for failure to state a claim as a motion for summary judgment and gives the parties two months to conduct discovery into the issues raised therein.

For the convenience of the parties in conducting the limited discovery authorized today by the court, the court will briefly put forth what it considers to be the most troubling issue raised by the motion to dismiss for failure to state a claim. Web Tracking appears to have a valid defense of abandonment. Under federal law, a presumption of abandonment arises after three years of nonuse.⁵² Webstat has put forth no evidence that Huntana L.L.C. made any use of the trademark WEBSTAT during the more than five years after Huntana was involuntarily dissolved. Further, it appears that under Montana law Huntana was forbidden from making any use of the trademark other than liquidating it as a part of the business. As such, the court is inclined to find a presumption of abandonment has attached. However, the court recognizes that given the opportunity for discovery, Webstat may be able set forth valid evidence that no abandonment occurred. The court therefore withholds judgment as to this matter to give the parties time to conduct discovery.

CONCLUSION

IT IS HEREBY ORDERED that Defendant Web Tracking's Motion to Dismiss for lack

⁵²15 U.S.C. § 1127.

of personal jurisdiction, subject matter jurisdiction, and improper venue is denied. It is further ordered that the motion to dismiss for failure to state a claim shall be treated as a motion for summary judgment pursuant to Rule 12(b). As such, the parties are given until September 15, 2004 to conduct discovery into the issues raised by the 12(b)(6) motion. The parties are directed to file any relevant material that is discovered with the court by said date. At that time, the court will reevaluate the pleadings, treating them as a motion for summary judgment.

DATED this 14 day of July, 2004.

BY THE COURT:



Paul G. Cassell

United States District Judge

United States District Court
for the
District of Utah
July 15, 2004

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* * CERTIFICATE OF SERVICE OF CLERK * *

Re: 2:03-cv-00977

True and correct copies of the attached were either mailed, faxed or e-mailed by the clerk to the following:

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